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12.3.104.1
9-29-11

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into by and between Silver Bay Logging, Inc., an Alaska Corporation, hereinafter referred to as "Landlord", and Independent Metals Company, a Washington Corporation, hereinafter referred to as "Tenant";

WITNESSETH

1. PREMISES AND TERM.

A. In consideration of the obligation of Tenant to pay rent as herein provided, and in consideration of the other terms, provisions and covenants hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby takes and leases from Landlord those certain Premises as legally described on Exhibit "A" attached hereto (hereinafter referred to as the "Premises") and incorporated herein by reference, together with all rights, privileges, easements, appurtenances, and amenities belonging to or in any way appertaining to the Premises and together with the crane, buildings and other improvements situated thereon or adjacent thereto.

B. TO HAVE AND TO HOLD the same for a term commencing on the "Commencement Date", as hereinafter defined, and ending thereafter as specified in the Basic Lease information, attached hereto, (the "Lease Term"), provided, however, that, in the event the "Commencement Date" is a date other than the first day of a calendar month, said term shall extend for said number of days in addition to the remainder of the calendar month following the "Commencement Date".

C. The "Commencement Date" shall be the Scheduled Term Commencement Date shown in the Basic Lease Information, attached hereto and incorporated herein by reference. Tenant acknowledges that no representations as to the repair of the Premises have been made by Landlord, unless such are expressly set forth in this Lease. Landlord and Tenant acknowledge that Tenant currently occupies a large portion of the Premises under the terms of a lease dated June 1, 2006, as amended, ("Prior Lease") and shall continue to occupy the portion of the Premises described in the Prior Lease and fulfill all of the obligations of Tenant described therein until the Commencement Date. Upon the Commencement Date the provisions of this lease shall become effective and the tenancy under the Prior Lease shall simultaneously end without further notice. Upon the Commencement Date, all options to purchase all or any part of the Premises described in the Prior Lease or to extend the term of the Prior Lease shall terminate.

2. BASE RENT AND SECURITY DEPOSIT.

A. Tenant agrees to pay to Landlord Base Rent for the Premises, in advance, without demand, deduction or set off, for the entire Lease Term hereof at the rate specified in the Basic Lease Information, payable in monthly installments along with any applicable sales or rental taxes. One such monthly installment shall be due and payable on the date hereof and a like monthly installment shall be due and payable on or before the first day of each calendar month succeeding the Commencement Date recited above during the Lease Term, except that the rental payment for any fractional calendar month at the commencement or end of the Lease period shall be prorated on the basis of a 30-day month.



All parties included within the terms "Landlord" and "Tenant", respectively, shall be bound by notices given to the specified individual and with a copy to the attorney in accordance with the provisions of this paragraph to the same effect as if each had received such notice.

23. HAZARDOUS MATERIALS. Tenant hereby covenants and agrees not to cause or permit the presence, use, generation, release, discharge, storage, disposal, or transportation of any Hazardous Materials (as defined below) on, under, in, above, to, or from the Premises, except following written notice of such activity to Landlord and written consent by the Landlord. The foregoing sentence notwithstanding, Landlord and Tenant acknowledge that Tenant has occupied portions of the Premises under the Prior Lease and that Landlord is familiar with Tenant's activities on the Premises. Therefore Landlord consents to the activities of Tenant on or after the Commencement Date consistent with the activities of Tenant under the Prior Lease and waives written notification with respect to any such activities that would have otherwise required it under the terms of this paragraph 23. Any use, generation, release, discharge, storage, disposal, or transportation of Hazardous Materials shall be in strict compliance with all applicable federal, state, and local laws, regulations, and orders. For the purposes of this Lease the term "Hazardous Materials" shall mean: any chemical, substance or material defined, classified or designated as hazardous, toxic or radioactive, or other similar term, by any federal, state or local environmental statute, regulation or ordinances presently in affect or that may be promulgated in the future, as they may be amended from time to time, and also including urea-formaldehyde, polychlorinated biphenyl, dioxin, asbestos, asbestos containing materials, nuclear fuel or waste, and petroleum, including but not limited to, crude oil or any fraction thereof, natural gas, natural gas liquids, gasoline and synthetic gas, or any other waste, substance, pollutant or contaminate, which would subject the owner of the Premises to any damages, penalties or liabilities under any applicable federal, state or local law or regulation or case law under the common law. Hazardous Materials will also include any petroleum product or any substance which after being released into the environment and upon exposure, ingestion, inhalation or assimilation, either directly from the environment or indirectly by ingestion through food chains or otherwise, will and may reasonably be anticipated to cause sickness, death, disease, behavior abnormalities, cancer, or genetic abnormalities. Tenant shall not install any underground storage tank for Hazardous Materials. Tenant shall immediately notify Landlord if Tenant knows or has reasonable cause to know that Hazardous Materials are present on the Premises or threaten to come in, on, or under the Premises except as previously consented by to Landlord. Tenant shall supply Landlord with copies of all environmental studies conducted by Tenant during the term of the Prior Lease or this Lease.

Tenant shall indemnify, defend, and hold Landlord harmless from and against (a) any loss, cost, expense, claim, or liability arising out of any investigation, monitoring, clean up, containment, removal, storage, or restoration work ("Remedial Work") required by, or incurred by Landlord or any nongovernmental entity or person in a reasonable belief that such work is required by, any applicable federal, state, or local law, governmental agency, or political subdivision, as a result of the condition of the property and (b) any claims of third parties for loss, injury, expense, or damage arising out of the presence, release, or discharge of any Hazardous Material on, under, in, above, to, or from the Premises occurring as a result the condition of the property. In the event any Remedial Work is so required under any applicable federal, state, or local law during the term of this Lease as a result of the condition of the property, Tenant shall perform or cause to be performed the Remedial Work in compliance with such law, regulation, or order. All Remedial Work shall be performed by one or more contractors under the supervision of a consulting engineer, each selected by Tenant and approved in advance in writing by Landlord.

In the event Tenant shall fail to commence the Remedial Work required of Tenant under the terms of this paragraph 23, in timely fashion or fail to prosecute diligently the Remedial Work to completion, Landlord may, but shall not be required to, cause the Remedial Work to be performed, subject fully to the indemnification provisions of this paragraph. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease in respect of Hazardous Materials, unless specifically so agreed by Landlord in writing at the time of such agreement. The foregoing indemnification obligation shall survive termination of this Lease as to any any Remedial Work or any claim of a third party or Landlord resulting from Tenant's use of the Premises during the term of the lease. The Tenant's indemnification obligation to Landlord arising from the condition of the property on the Commencement date (i) shall not be assigned by operation of law or otherwise, (ii) shall not benefit Landlord's heirs, transferees or assigns and (iii) shall expire upon expiration of the lease term.

24. MISCELLANEOUS.

A. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

B. The terms, provisions and covenants and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns, except as otherwise herein expressly provided. Landlord shall have the right to assign any of its rights and obligations under this Lease. Each party agrees to furnish to the other, promptly upon demand, a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of such party to enter into this Lease.

C. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

D. Tenant agrees from time to time within twenty (20) days after request of Landlord, to deliver to Landlord, or Landlord's designee, an estoppel certificate that this Lease is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease and such other matters pertaining to this Lease as may be requested by Landlord. It is understood and agreed that Tenant's obligations to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord's execution of this Lease.

E. This Lease may not be altered, changed or amended, except by an instrument in writing signed by both parties hereto.

F. All obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of the Term of this Lease shall survive the expiration or earlier termination of the Term hereof, including without limitation all payment obligations with respect to taxes and insurance and all obligations concerning the condition of the Premises. Upon the expiration or earlier termination of the Term hereof, and prior to Tenant vacating the Premises, Tenant shall pay to Landlord any amount reasonably estimated by Landlord as necessary to put the Premises, including without limitation, all heating and air conditioning systems and equipment therein, in good condition and repair pursuant to the Tenant's obligations set forth herein. Any security

LANDLORD:

Silver Bay Logging, Inc.
5350 Mt. Brynion Rd.
Kelso, WA 98626

TENANT:

Independent Metals Co.
747 South Monroe Street
Seattle, WA 98108

By: Richard J. Buhler Sr.
Richard J. Buhler, Sr

By: _____
Mick O'Farrell

By: Betty A. Buhler
Betty A. Buhler

Date: 4/27/2011

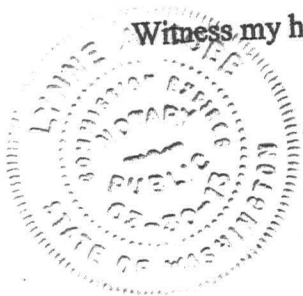
Date: _____

STATE OF ~~ALASKA~~

County of KING

On this 27TH day of APRIL, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Richard J. Buhler, Sr. and Betty Buhler to me known as President and Secretary of Silver Bay Logging, Inc. an Alaska Corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



[Signature]
LYNNE A. COBB
Printed Name
NOTARY PUBLIC in and for the
State of ~~Alaska~~, residing at SEATTLE
WA
MY COMMISSION EXPIRES 3/30/13

STATE OF WASHINGTON)

County of)

On this _____ day of _____, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael O'Farrell to me known as President of Independent Metals Company, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Printed Name
NOTARY PUBLIC in and for the
State of Washington, residing at _____

LANDLORD:

Silver Bay Logging, Inc.
5350 Mt. Brynion Rd.
Kelso, WA 98626

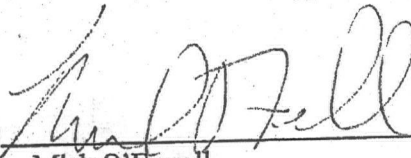
TENANT:

Independent Metals Co.
747 South Monroe Street
Seattle, WA 98108

By: _____
Richard J. Buhler, Sr

By: _____
Betty A. Buhler

Date: _____

By:  _____
Mick O'Farrell

Date: 4-29-11

STATE OF ALASKA

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)ss.

County of _____

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On this _____ day of _____, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Richard J. Buhler, Sr. and Betty Buhler to me known as President and Secretary of Silver Bay Logging, Inc. an Alaska Corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Printed Name

NOTARY PUBLIC in and for the
State of Alaska, residing at _____

STATE OF WASHINGTON)

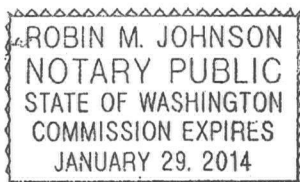
)ss.

County of KING

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On this 2nd day of MAY, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael O'Farrell to me known as President of Independent Metals Company, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



Robin M Johnson
Printed Name

NOTARY PUBLIC in and for the
State of Washington, residing at SEATTLE